

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 557 - SB 1201**

April 5, 2019

**SUMMARY OF ORIGINAL BILL:** Requires the Division of TennCare (Division) to notify the Chair of the Health and Welfare Committee of the Senate and the Chair of the Health Committee of the House of Representatives prior to making any reduced payments on a pro rata basis from the Nursing Home Assessment Trust Fund.

**FISCAL IMPACT OF ORIGINAL BILL:**

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (005730):** Deletes all language after the enacting clause. Extends the annual nursing home assessment for FY19-20.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenue - \$130,061,000/FY19-20/  
Nursing Home Assessment Trust Fund**

**Increase State Expenditures - \$130,061,000/FY19-20/  
Nursing Home Assessment Trust Fund**

**Increase Federal Expenditures - \$245,566,400/FY19-20/  
Nursing Home Assessment Trust Fund**

**The Governor's FY19-20 proposed budget (Page A-36) includes revenue recognition in the amount of \$130,061,000 and expenditures in the amount of \$375,627,400 in both state and federal funds as a result of the continuation of the nursing home assessment fee.**

Assumptions for the bill as amended:

- Based on information provided by the Division of TennCare (Division), the assessment on nursing homes will result in an increase in state revenue to the Nursing Home Assessment Trust Fund of \$130,061,000 in FY19-20.
- Medicaid expenditures receive matching funds at a rate of 65.375 percent federal funds to 34.625 percent state funds.
- The \$130,061,000 will be expended at a state rate of approximately 34.625 percent and will receive federal matching funds at a rate estimated to be 65.375 percent. The resulting increase in federal funds in FY19-20 will be approximately \$245,566,437  $[(\$130,061,000 / 34.625\%) \times 65.375\%]$ . These funds will be placed in the Nursing Home Assessment Trust Fund instead of the General Fund, but will continue to be spent to reimburse nursing homes.
- The total increase to the Nursing Home Assessment Trust Fund in FY19-20 is approximately \$375,627,437  $(\$130,061,000 + \$245,566,437)$ .
- All revenue collected by the state, including investment earnings credited to the nursing home annual assessment fee payments, interest, and penalties paid by any nursing home, and all federal funds generated by federal matching funds relative to the nursing home assessment, will be used by the Division for the sole purpose of providing payments to nursing homes and use of the funds for any other purpose is prohibited.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Increase Business Revenue - \$375,627,400**

**Increase Business Expenditures – \$130,061,000**

**Jobs Impact – Not Significant**

Assumptions for the bill as amended:

- Nursing home providers will incur an increase in federal revenue in FY19-20 to cover costs of services provided.
- Nursing home providers will incur an increase in expenditures in FY19-20 for funding the state portion of the Act.
- The proposed legislation will not increase the number of nursing home providers. It merely deals with the way providers are reimbursed; therefore, any impact to jobs in Tennessee is estimated to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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